2008-2009
Great Start Readiness Program
Section 38-39 Formula Funding Procedure

A school district or public school academy (PSA) intending to implement a Great Start Readiness Program (GSRP) first submits a pre-application which is referred to as the Comprehensive Community Needs and Resources Assessment (CNRA). The CNRA is completed in the Michigan Electronic Grants System (MEGS) and is usually due mid-winter. After the State School Aid Act is signed by the Governor, the Michigan Department of Education (MDE) calculates individual school district and PSA funding levels and notifies the school districts and PSAs of the level of funding and final application due date. Priority in the allocation of funds to new school districts and PSAs and districts and PSAs in the first year of the three-year funding cycle is given to programs providing supplementary child care.

Legislative Formula for Determining First-Round Formula Count:
The grade 1 to 5 free lunch count from two years prior, divided by the sum of the enrollment of grades 1 to 5 from two years prior determines the "Grade 1-5 Poverty Percentage." The result of this calculation is multiplied by the average kindergarten count for the school district or PSA in the last two years then multiplied by 50%.

If the result of the above calculation is 316 or higher, AND 65% of the above result is less than 316, then a count of 315 is used as the first-round formula count; otherwise 65% of the above result is used as the first-round formula count.

Poverty Ranking: A Grade 1-5 poverty percentage is determined for each school district and public school academy as described above. Districts and PSAs are then ranked from highest to lowest Grade 1-5 poverty percentage. Funds are then distributed in each round to districts and PSAs in this order. Each round of funding continues until the balance of the grant award is disbursed.

First-Round Funding: First-Round funding is calculated by multiplying the first-round formula count by the per-child amount. The maximum allocation for first-year grantees is 32 multiplied by the per-child amount.

Second-Round Funding: If funds have not been fully distributed after each grantee has received the first round formula funding, disbursement continues in descending order according to the poverty ranking. The second-round allocation provides the grantee the number of children each eligible district served in the immediately proceeding fiscal year or the grantee requested number (as submitted on the current-year CNRA), *whichever is less*, until all funding is disbursed.

Third Round/Enhanced Funding: If funds are still available after second-round funding, third-round funding is calculated by subtracting the number of slots funded in rounds one and two from the number of slots requested to arrive at a number of slots still needed. The number of slots still needed is then multiplied by the amount per child. Grantees in the first year of a three-year funding cycle that do not address supplemental and comprehensive child care do not receive third round funding, regardless of the documented free lunch percentage.

When the entire grant award has been disbursed, districts remain on the calculation worksheet in descending order. As funds are returned from grantees in the form of

unfilled slots, these funds are redistributed in the form of "Enhanced Allocation Offers" beginning with the grantee where the third-round funding ran out. This process continues throughout the fiscal year as slots are returned to MDE.

GSRP FUNDING EXAMPLE

First-Round funding example based on $3,400 per child for a GSRP grantee who had served 102 children in the previous year and requests 160 for the current year:

	District/PSA Data	Calculation
Grade 1 to 5 free lunch (from two years prior),	86	
divided by the sum of the enrollment of grades 1 to 5 (from two years prior),	Grade 1 = 35 Grade 2 = 41.34 Grade 3 = 41.84 Grade 4 = 41.29 Grade 5 = 30.81 Sum = 190.28	$86 \div 190.28 = .4520$
determines the Grade 1-5 poverty percentage	45%	This Grade 1-5 poverty percentage is then used to determine a poverty ranking in descending order.
That calculation is multiplied by the average kindergarten count for the School District/PSA in the last two years,	06/07 = 32 07/08 = 25 Average = 28.5	$.4520 \times 28.5 = 12.882$
multiplied by 50%.	$12.882 \times .5 = \underline{6.441}$	Total first round formula count for this example is 6.
Slots are multiplied by the per-child amount.	$6 \times 3,400 = 20,400$	First-round funding for this example is $20,400.00

Second round funding for this example would be dependent upon:
- Additional GSRP funding to disperse and the percentage ranking order of the district/PSA as funds are dispersed in descending order.
- The number of children the grantee served in the immediately preceding fiscal year (102) and the requested number of slots as submitted on the current-year CNRA. Hold-harmless legislation would restrict this grantee to 102 of the 160 requested slots.

Third round/enhanced funding for this example would be dependent upon:
- Whether or not the grantee is in the first year of funding and offers supplemental child care. This example is not an new grantee or in the first year of a three-year funding cycle and so is not limited by the supplemental child care provision or the 32-slot maximum.
- Additional GSRP funding to disperse.
- Districts returning slots that they are unable to fill.
- Percentage ranking order of the district/PSA.